



Senate

General Assembly

File No. 434

February Session, 2014

Substitute Senate Bill No. 484

Senate, April 8, 2014

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING MUNICIPAL ASSESSMENTS OF PROPERTY
USED FOR WHOLESALE AND RETAIL BUSINESS USE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-65b of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2014*):

4 (a) Any municipality may, by affirmative vote of its legislative body,
5 enter into a written agreement with any party owning or proposing to
6 acquire an interest in real property in such municipality, or with any
7 party owning or proposing to acquire an interest in air space in such
8 municipality, or with any party who is the lessee of, or who proposes
9 to be the lessee of, air space in such municipality in such a manner that
10 the air space leased or proposed to be leased shall be assessed to the
11 lessee pursuant to section 12-64, fixing the assessment of the real
12 property or air space which is the subject of the agreement, and all
13 improvements thereon or therein and to be constructed thereon or
14 therein, subject to the provisions of subsection (b) of this section, (1) for

15 a period of not more than seven years, provided the cost of such
16 improvements to be constructed is not less than three million dollars,
17 (2) for a period of not more than two years, provided the cost of such
18 improvements to be constructed is not less than five hundred
19 thousand dollars, [or] (3) to the extent of not more than fifty per cent of
20 such increased assessment, for a period of not more than three years,
21 provided the cost of such improvements to be constructed is not less
22 than ten thousand dollars, or (4) for a period of years specified in an
23 ordinance, for improvements to be constructed on land used or to be
24 used for any retail business in an area designated in such ordinance.
25 For purposes of this section, "improvements to be constructed"
26 includes the rehabilitation of existing structures for retail business use.

27 (b) The provisions of subsection (a) of this section shall only apply if
28 the improvements are for at least one of the following: (1) Office use;
29 (2) retail use; (3) permanent residential use; (4) transient residential
30 use; (5) manufacturing use; (6) warehouse, storage or distribution use;
31 (7) structured multilevel parking use necessary in connection with a
32 mass transit system; (8) information technology; (9) recreation
33 facilities; (10) transportation facilities; or (11) mixed-use development,
34 as defined in section 8-13m.

35 Sec. 2. Section 12-65h of the general statutes is repealed and the
36 following is substituted in lieu thereof (*Effective October 1, 2014*):

37 Any municipality may, by affirmative vote of its legislative body,
38 enter into a written agreement with any party owning or proposing to
39 acquire an interest in real property in such municipality, or with any
40 party owning or proposing to acquire an interest in air space in such
41 municipality, or with any party who is the lessee of, or who proposes
42 to be the lessee of, air space in such municipality in such a manner that
43 the air space leased or proposed to be leased shall be assessed to the
44 lessee pursuant to section 12-64, upon which is located or proposed to
45 be located a manufacturing facility, as defined in subdivision (72) of
46 section 12-81, or a wholesale and retail business, as defined in
47 subdivision (54) of section 12-81, fixing the assessment of the personal

48 property located in the facility [which] that is the subject of the
49 agreement, (1) for a period of not more than seven years, provided the
50 increase in the assessed value of such personal property in such facility
51 or wholesale and retail business is not less than three million dollars,
52 (2) for a period of not more than two years, provided the increase in
53 the assessed value of such personal property in such facility or
54 wholesale and retail business is not less than five hundred thousand
55 dollars, or (3) to the extent of not more than fifty per cent of such
56 increased assessment, for a period of not more than three years,
57 provided the increase in the assessed value of such personal property
58 in such facility or wholesale and retail business is not less than twenty-
59 five thousand dollars.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2014</i>	12-65b
Sec. 2	<i>October 1, 2014</i>	12-65h

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
All Municipalities	Grand List Reduction	None	Potential

Explanation

The bill expands an option for municipalities to fix property tax assessments on certain retail projects. This precludes any grand list growth resulting from any increase in the market value of these projects, which results in a loss of tax levy, given a constant mill rate.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 484*****AN ACT CONCERNING MUNICIPAL ASSESSMENTS OF PROPERTY USED FOR WHOLESALE AND RETAIL BUSINESS USE.*****SUMMARY:**

This bill expands a municipality's authority to fix property tax assessments on certain retail development projects. Under current law, a municipality may, with approval of its legislative body, fix the assessment for different types of projects anywhere within the municipality for a specified number of years depending on the project's cost (see BACKGROUND).

First, the bill allows municipalities to pass an ordinance designating an area and setting the number of years for fixing assessments on improvements to be constructed for retail business use. Under the bill, "improvements to be constructed" explicitly includes rehabilitating existing structures for retail business use. Such improvements are also eligible for a fixed assessment according to current law's specified schedule.

Second, the bill expands municipalities' power to fix assessments, according to a specified schedule, for personal property, such as equipment, located at wholesale and retail businesses. Current law allows them to fix assessment of personal property only if it is located in a manufacturing facility.

EFFECTIVE DATE: October 1, 2014

BACKGROUND***Periods for Fixing the Assessment***

Whenever a municipality fixes the assessment, it exempts all or a

portion of the property's value from taxation. The exemption usually applies to the increase in the property's value attributed to an improvement. The law allows municipalities to fix assessments for development projects based on their cost. As the tables below show, in most cases, current law allows municipalities to exempt all of the improvement's value.

Schedule for Fixing the Assessment for Eligible Real Property

<i>Minimum Value of the Improvement</i>	<i>Period for Fixing the Assessment</i>	<i>Exempted Amount</i>
\$3 million	Up to seven years	100%
\$500,000	Up to two years	100%
\$10,000	Up to three years	50%

Schedule for Fixing the Assessment for Eligible Personal Property

<i>Minimum Value of the Improvement</i>	<i>Period for Fixing the Assessment</i>	<i>Exempted Amount</i>
\$3 million	Up to seven years	100%
\$500,000	Up to two years	100%
\$25,000	Up to three years	50%

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/25/2014)